

NEW FORM ADV PART 2

On July 28, 2010, the Securities and Exchange Commission (SEC) released a revised Form ADV [SEC Release No. IA-3060; File No. S7-10-00]. The release primarily adopted amendments to Part 2 of Form ADV (also referred to as brochure or new Part 2). The new Part 2, with the instructions, can be found on the SEC's web site at <http://www.sec.gov/rules/final/2010/ia-3060.pdf>.

The format of the new Part 2 has been changed from a check-the-box form to a narrative brochure written in plain English. This change is designed to provide prospective clients and current clients with clearly written, meaningful, current disclosure of the business practices, conflicts of interest, and background of the investment adviser and its advisory representatives. The brochure is required to be prepared in plain English and be filed electronically through the Investment Adviser Registration Depository (IARD).

The new Form ADV Part 2 consists of three parts: Part 2A, Firm Brochure; Part 2A Appendix 1, Wrap Fee Program Brochure; and Part 2B, Brochure Supplement. Every investment adviser's new Part 2 will consist of at least Part 2A, Firm Brochure, and Part 2B, Brochure Supplement. Only investment advisers who provide wrap fee programs are required to submit the Part 2A Appendix 1, Wrap Fee Program Brochure.

The new Form ADV Part 2 will become effective October 12, 2010. The Office will begin using the new Form ADV Part 2 in accordance with the following schedule:

- Between October 12, 2010, and January 1, 2011, all investment adviser applicants filing an initial Form ADV and licensed investment advisers filing amendments to their Form ADV Part II may use either the current Part II or the new Part 2. The Office strongly encourages all applicants to use the new Part 2 when filing their initial Form ADV application and all licensed investment advisers to amend their Form ADV using the new Part 2 as soon as possible.
- As of January 1, 2011, all new investment adviser applicants will be required to file, through the IARD, the new Form ADV Part 2 as part of their application.
- As of January 1, 2011, all licensed investment advisers will need to incorporate the new Form ADV Part 2 with their next filing of an amendment to Form ADV or with their annual updating amendment to Form ADV. Please note that all investment advisers are required to file their annual updating amendment to Form ADV (Parts 1 and 2) within 90 days after their fiscal year-end. For those advisers with a December 31, 2010, year-end, the deadline for the annual updating amendment will be March 31, 2011.

New Part 2 Templates

Blank templates for the new Form ADV Part 2 will be available on the NASAA Form ADV webpage at www.nasaa.org on October 12, 2010, for free download and use by investment advisers.

Annual Delivery Requirement

Item 2 of the Instructions to Part 2A of Form ADV “Preparing Your Firm *Brochure*” provides that each year a registered investment adviser must (i) deliver, within 120 days of the end of the investment adviser’s fiscal year, to each client a free updated *brochure* that either includes a summary of material changes or is accompanied by a summary of material changes, or (ii) deliver to each client a summary of material changes that includes an offer to provide a copy of the updated brochure and information on how a *client* may obtain the *brochure*. The Office strongly encourages all investment advisers to follow the distribution and delivery schedule of the new Brochure and Brochure supplement as provided in the instructions of the new Form ADV Part 2. The Office will be proposing a rule change to adopt similar distribution and delivery requirements.

Should you have any questions, please call (207) 624-8551. Investment advisers are encouraged to become familiar with the new Part 2 and to periodically review the Office’s Web site, www.Investors.Maine.gov, for further developments.